

## PROJECT OVERSIGHT REPORT

Human Resource Management System (HRMS)  
Department of Personnel

Report as of Date:  
February 2005

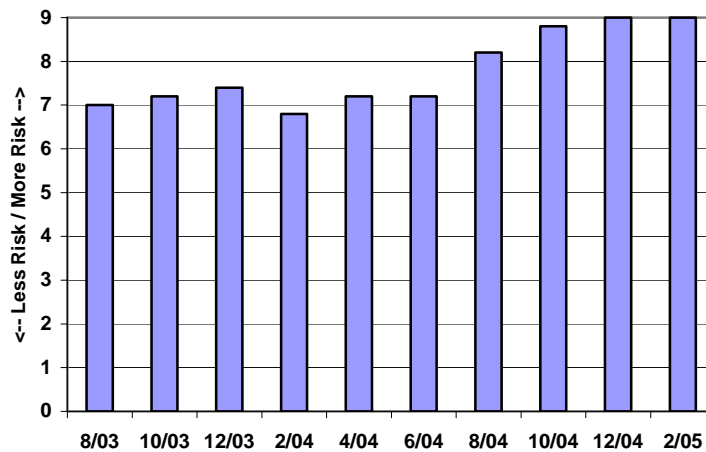
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**Severity/Risk Rating:** High (high severity, high risk)

**Oversight:** Level 3 – ISB

### Overall Project Risk Assessment



**Project Synopsis:** Since its December 22, 2004 decision to postpone the implementation of Release 1 of the Human Resource Management System (HRMS), DOP has been working with its vendor, Accenture, to re-plan the project. Work continues on project tasks that can take place concurrently with the re-planning effort. Modifications to the legacy payroll system, PAY1, are now on the critical path. These modifications are required to process payroll starting in July.

**Staff Recommendations:** ISB staff recommends that DOP's mitigation plan for PAY1 include allocating resources to complete PAY1 modifications as soon as feasible to provide time to address unforeseen issues. PAY1 is now on the critical path in order to process the July 2005 payroll.

Previous ISB staff and QA recommendations have been incorporated into the latest QA recommendation, #50 that states, "Negotiate and amend the formal contract with the integration vendor [Accenture] to reflect all of the project work and resource changes, prior to finalizing and announcing the revised schedule and approach."

### Variances:

- **Schedule:** There are currently no Go Live dates; DOP is a re-planning process for Release 1. The first group of agencies (G1) was originally scheduled to begin using the system by this past January. Last October the DOP Go Live decision process caused them to revise the schedule for G1 to March. This past December DOP again used the Go Live decision process to determine that the project would not be ready for March. DOP has finished the initial re-planning effort.

A new Go Live date will not be finalized until the following activities occur and are incorporated into the project plan:

- Negotiations with the integration vendor concerning activities that were part of the original plan but were not accomplished
  - Negotiations with the integration vendor concerning activities that were not part of the original plan but need to be accomplished
  - Agencies' critical dependencies (those with a high probability of affecting the Go Live dates)
  - Staffing several additional critical state positions
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- Budget/Cost: The budget through January 31, 2005 shows Actuals/Accruals totaling \$32,765,244 (68% of total). The final cost is estimated to be within budget. The largest variances are in State Project Team and Implementation Services costs. It is unknown at this time what effect the project delay will have on the budget.
  - Scope: DOP re-planning efforts continue to focus on the tasks necessary to implement payroll in Release 1.
  - Resources: A few instances of over-commitment of key state project personnel remain. DOP continues efforts to secure additional resources, adjust the schedule, and adjust the workload to mitigate this variance.

#### **Risks/Mitigation Tasks:**

The project manager's "Top Issues" are not included in this report. The project focus is currently on the re-planning effort.

In addition, the following new "Top Concerns" are listed beginning on pages 3-5 of the February 9, 2005 QA report, previously distributed to the ISB. Please refer to that report for additional details.

- Impacts to state agencies, resulting from all Personnel Reform projects, may be more than they can absorb without adverse collateral impacts.
- PAY1 contingency work will strain resources available for HRMS work.
- If appropriate HRMS components are not implemented by July 1, 2005, manual work could seriously impact agency workload and resources.
- Release 2 may not incorporate valuable lessons learned from Release 1.

#### **Background Information**

**Description:** The Personnel System Reform Act of 2002 (SHB1268) necessitates extensive changes to Washington State's Civil Service System. SHB1268 establishes a January 1, 2005 deadline to begin implementation of a new classification system, Civil Service Reform (CSR), and a July 1, 2005 deadline for implementation of the first Collective Bargaining (CB) agreements. By these dates, DOP must be able to support the functionality required by the act. DOP is responsible for civil service reform and OFM is responsible for collective bargaining.

DOP's systems support over 65,000 state employees and over 2,000 authorized system users. The systems are over 25 years old, technically complex, costly to modify, and lack the functionality and flexibility to support modern human resources practices and many of the anticipated requirements for CSR/CB. The existing systems also support over 200 interfaces to other state and external systems.

DOP/OFM received Board approval in January 2003 to acquire integration services, software, and hardware to begin replacing the existing payroll/personnel system. The RFP was released

in April 2003; the teams of Accenture/SAP and IBM/PeopleSoft submitted proposals. Accenture/SAP was named the apparently successful vendor on July 7, 2003.

The major project phases are:

- Release I – Implement core payroll functionality required to support CSR/CB
  - Group 1 – agencies not subject to Collective Bargaining
  - Group 2 – remaining agencies
- Releases II & III – Implement additional HR functionality (recruitment, training, and performance evaluation) and time reporting

**Technology:** The proposed technology is:

- SAP's core ERP product, R/3
- SAP's data warehouse product, Business Warehouse
- Microsoft Windows OS
- Microsoft SQL Server DBMS
- Hewlett-Packard Proliant servers
- Accenture implementation services

**Budget:** The budget for the 03-05 Biennium authorizes DOP to enter into a financing contract for up to \$32 million (later raised to \$39 million during the 2004 legislative session), not including interest, for not more than 12 years to purchase, develop, and implement the new HRMS. In addition to the \$39 million, the Legislature allocated an additional \$10 million from Department of Information Services' rebates to the project.